

CMS Studies Confirm Significant Savings Through Medicare-Approved Drug Discount Cards

Updated October 12, 2004¹

Overview

The Centers for Medicare & Medicaid Services (CMS) has conducted several studies analyzing the discounted prices available through Medicare-approved drug discount cards over the past several months.² These studies have been updated to reflect September pricing information on www.medicare.gov. The studies continue to find that significant savings are available through Medicare-approved drug discount cards for beneficiaries purchasing drugs at retail pharmacies or mail order pharmacies. These findings are consistent with the findings from several independent analyses including those released by the Henry J. Kaiser Family Foundation, The Lewin Group for the Healthcare Leadership Council, and the American Enterprise Institute. In addition, low-income beneficiaries can take advantage of very large savings when the discounts, the annual \$600 in transitional assistance, and large “wrap-around” programs from many drug manufacturers are taken into account. The attached tables reflect the updated analyses, and, unless otherwise noted, the tables and text reflect drug card prices on www.medicare.gov during the weeks of September 6, 13, and 27, 2004.

Updated CMS Findings

- **Overall savings.** Beneficiaries can obtain discounted prices that are about 12 to 21 percent less than the national average prices actually paid by all Americans (including the higher prices paid by cash paying customers and the lower prices paid by people with public or private insurance) for commonly used brand name drugs at retail pharmacies. These savings are 1 to 3 percentage points higher than the savings highlighted in our previous analyses conducted during the initial weeks of the program.
- **Savings compared to mail order pharmacies.** Beneficiaries enrolling in Medicare-approved discount cards can also obtain significant savings on prescription drugs purchased through mail order pharmacies. For 10 commonly used drugs we examined, our analysis found that the best Medicare-approved drug discount card offered prices at least 5 to 33 percent lower compared to Drugstore.com and 11 to 34 percent lower compared to Costco.com. Further, the Medicare-approved cards with the best retail prices even beat Internet mail order prices most of the time.
- **Special savings for low-income beneficiaries.** For the 4-month period of September through December 2004, we estimate that low-income beneficiaries can save much

¹ This summary report updates the summary report released on September 23, 2004. The report has been updated to reflect the removal of the drug Vioxx from the market. It also incorporates additional findings from analyses conducted during the week of September 27, 2004.

² CMS analyses related to Medicare-approved drug card pricing can be found at <http://www.cms.hhs.gov/medicarereform/drugcard/drugcardreports.asp>

more—nearly 44 to 92 percent over national average retail pharmacy prices—when using the Medicare-approved drug discount card with the best prices and the \$600 transitional assistance. Once the \$600 credit is exhausted, many low-income beneficiaries can get significant additional savings from the special discounts offered by several manufacturers in conjunction with Medicare drug discount cards.

- **Savings on drugs used to treat common health conditions.** The updated CMS analysis on drugs used to treat common health conditions shows that savings of about 10 to 75 percent over average retail prices (depending on the individual drug) are available by enrolling in a Medicare-approved drug discount card, with some of the greater savings available on generic drugs.
- **Savings on generics.** Beneficiaries who currently use generic drugs can obtain large savings by using a Medicare drug discount card, saving 28 to 75 percent below typical prices paid by Americans for commonly used generic drugs. Beneficiaries currently using brand name drugs who are able to switch to generics can achieve even greater savings of 40 to 94 percent. In addition to savings available from using generic drugs, the Price Comparison website has a new feature that provides information on less costly alternatives to brand name drugs. This feature can be a valuable source of information for beneficiaries to discuss with their doctor.

Independent Drug Card Studies Confirm CMS Findings

Analyses conducted by independent sources have found similar results of savings from the Medicare-approved drug discount card program. The Henry J. Kaiser Family Foundation released a report on July 28, 2004 (Medicare Drug Discount Cards: A Work in Progress, July 28, 2004), indicating that all seven Medicare-approved discount drug card programs they examined "had prices that were significantly less than those reported by the Maryland Attorney General as typical retail prices." Further, the report indicates that beneficiaries could save 8 to 61 percent over these typical retail prices for the 10 drugs they studied. Another report, prepared by The Lewin Group for the Healthcare Leadership Council and released on August 12, 2004, indicated savings, on average, of over 20 percent. Lewin found that nationally, the best Medicare-approved drug discount cards offer savings of almost \$10 per prescription, representing a discount of more than 20 percent overall. More than half of the discount drug cards yield savings of over \$8.48 (over 17 percent) per prescription. Another study finding was that, across the 150 drugs most commonly prescribed to seniors, the best available price from any card sponsor represents an average savings per prescription of over \$17 (23 percent). A report published by the American Enterprise Institute for Public Policy Research (Private Discounts, Public Subsidies: How the Medicare Prescription Drug Discount Card Really Works, 2004) also indicates that real savings are available for beneficiaries, particularly low-income beneficiaries. Some of these studies find savings somewhat larger than the savings in the CMS analyses. This finding of larger savings is consistent with our understanding that savings generally would be higher when comparing discount card prices to prices paid by cash customers (as was done in some of these studies).

Savings on Commonly Used Brand Name Drugs at Retail Pharmacies (Table 1)

Many Medicare beneficiaries prefer to buy drugs from retail pharmacies because they offer in-person service. CMS updated its studies released in the early weeks of the program that examined the prices of brand name drugs commonly used by beneficiaries to determine discounts available through Medicare-approved drug discount cards at retail pharmacies across the country. The updated analysis found that seniors could save about 12 to over 21 percent on baskets of commonly used drugs compared to national average retail pharmacy prices actually paid by all Americans (including the higher prices paid by cash paying customers and the lower prices paid by people with public or private insurance). Before the Medicare-approved prescription drug card program was implemented, beneficiaries without drug coverage paid among the highest prices in the nation for their prescriptions. Savings of about 12 to 21 percent over national retail pharmacy prices means significant savings for Medicare beneficiaries.

The national average retail pharmacy prices used in this study—and referred to throughout this document—represent the total price paid to the pharmacy, regardless of whether the person has insurance. The average is generally lower than the “cash” prices paid by Medicare beneficiaries without drug coverage. It includes both the relatively high retail cash prices paid by people without insurance and the lower negotiated prices paid by people with insurance. Savings would be higher (as indicated by independent studies) if cash retail prices were compared directly to Medicare-approved drug discount card prices found on Medicare’s Price Compare Website.

Savings Compared to Popular Online/Mail Order Pharmacies (Tables 2a and 2b)

Some beneficiaries use mail order for some or all of their prescriptions. Beneficiaries enrolled in a Medicare-approved discount card can get large savings on their prescription drugs through mail order options offered by many participating card sponsors. There had been efforts to discredit the savings offered by Medicare-approved drug discount cards by comparing the retail prices offered through the Medicare-approved cards to mail order prices offered through popular mail order pharmacies.³ In order to assess the validity of such claims, we conducted analyses comparing the mail order prices offered by Medicare-approved cards to other mail order prices. We also compared the retail prices offered by Medicare-approved cards to mail order prices. Our results indicate that the mail order programs of the best Medicare-approved cards beat the prices offered by popular Internet pharmacies. And, in almost all cases in our analysis, the retail prices of Medicare-approved cards also beat popular Internet mail order prices.

Using data from the week of September 13th, CMS looked at savings available to beneficiaries when a drug card was used at a mail order pharmacy. The study compared mail order prices from Medicare.gov to prices found at Drugstore.com and Costco.com. CMS consistently finds that the Medicare-approved drug discount cards offer significant savings for 10 commonly used drugs when compared to these web-based services. Our

³ *Medicare Drug Card Prices Remain High*. United States House of Representatives Committee on Government Reform—Minority Staff. June 2004. This study contained data that could not be replicated by CMS. It also included an inaccurate comparison between retail and mail order prices: mail order prices are generally lower than retail due to lower fixed costs, 90-day supplies, and other factors.

analysis found the best Medicare-approved drug discount cards ranged from at least 5 to 33 percent lower compared to Drugstore.com and 11 to 34 percent lower compared to Costco.com.⁴ Clearly, seniors can see significant savings by purchasing drugs at mail order pharmacies available through their card program.

Savings and Transitional Assistance for Low-Income Beneficiaries (Tables 3a and 3b)

A June 2004 study examined how low-income beneficiaries (below 135 percent of the Federal Poverty Level, or FPL) are being helped by Medicare-approved drug discount cards, including the \$600 in transitional assistance. Recently updated analysis on the savings available to low-income beneficiaries indicates that beneficiaries eligible for transitional assistance who pick the card with the lowest price can save about 44 to 92 percent off of national average retail prices over a four-month period (September–December 2004) on brand name drugs purchased at retail pharmacies. Those who pick a card that is 5th down the list also save a significant amount—42 to 91 percent. Given the availability of discounts and \$600 in transitional assistance, lower income Medicare beneficiaries are better off enrolling in any number of Medicare-approved drug discount cards than not enrolling at all.

Some low-income beneficiaries can save even more by taking advantage of special pricing arrangements many brand name manufacturers have with card sponsors once a beneficiary's \$600 is spent. Drugs may be available at no cost (other than a pharmacy dispensing fee), or a low, flat, co-pay (e.g., \$12-\$15) after the \$600 credit is exhausted. The benefits for a low-income individual of enrolling in a Medicare-approved drug card are clear and substantial.

Savings for Beneficiaries with Common Conditions (Table 4)

Ninety-one percent of Medicare beneficiaries fill at least one prescription each year. Many of these beneficiaries take drugs to treat conditions such as diabetes, depression, or hypertension. Given the prevalence of chronic conditions and the savings available through the discount program, many seniors and persons with disabilities can get significant savings by signing up for a Medicare-approved discount card. CMS updated its June 29, 2004 study that examined the savings available to beneficiaries on 23 drugs indicated for the treatment of nine very common conditions⁵. Depending on the individual drug, our updated analysis indicates that beneficiaries being treated for diabetes can save about 10 to 56 percent with the best-price card, and even 8 to 49 percent with the card fifth down the list. Beneficiaries being treated for congestive heart failure can save 25 to nearly 74 percent with the best card and 16 to almost 70 percent with the card fifth down the list. The drug card may be valuable to beneficiaries with chronic conditions, particularly since most beneficiaries with chronic conditions frequently take more than one drug to treat their conditions.

⁴ Total savings are actually greater because the Internet sites did not include membership fees and shipping in the prices indicated at the websites. The Medicare-approved drug card mail order prices include shipping costs.

⁵ This updated analysis includes only 22 drugs, since one of the drugs in the original study (Vioxx) has been taken off the market.

Generic Substitution Means More Savings (Tables 5a and 5b)

A September 2004 CMS study indicates that beneficiaries can save by substituting generic drugs for brand name drugs when they are available. Generic drugs are chemically equivalent, work in the same way, and are regulated by the FDA in the same way as their brand name counterparts— but they cost much less. That study indicated that beneficiaries who switch to generics can save between 40 and 94 percent off the prices of branded drugs. The savings come only in part from the fact that generic drugs are generally much less expensive than brand name drugs. In addition, the discount cards provide even larger discounts for generic drugs. For example, updated data from the week of September 27, 2004 indicate that for several commonly used generic drugs the best Medicare-approved drug discount cards are offering prices that are 28 to 75 percent less than the national average retail pharmacy price actually paid by Americans for these generic drugs. Generic drugs are a safe and inexpensive alternative for beneficiaries who can use them. For low-income beneficiaries, switching to generics stretches the \$600 transitional assistance further. In addition to savings available from using to generic drugs, the Price Comparison website has a new feature that provides information on less costly alternatives to brand name drugs. This feature can be a valuable source of information for beneficiaries to discuss with their doctor.

TABLE 1 - PRICE COMPARISON RETAIL PHARMACIES -- NON-LOW-INCOME

Illustrative Medicare Beneficiary/Residence	Conditions	Drugs	Dosing	National Retail Average Monthly Price ¹	Medicare Drug Discount Card Monthly Price ²	% Savings Drug Card vs. Average Retail Market	Monthly Dollar Savings
Beneficiary #1							
National	Market Basket Total			\$363.60			
Pittsburgh, PA 15122	Market Basket Total				\$286.30	-21.3%	\$77.30
Portland, OR 97202	Market Basket Total				\$284.77	-21.7%	\$78.83
	Osteoarthritis	Celebrex	200 mg per day				
	Hypercholesterolemia	Zocor	40 mg per day				
	Depression	Paxil	20 mg per day				
	Hypertension	Norvasc	5 mg per day				
Beneficiary #2							
National	Market Basket Total			\$130.50			
Louisville, KY 40205	Market Basket Total				\$114.92	-11.9%	\$15.58
Orange County, CA 90623	Market Basket Total				\$114.92	-11.9%	\$15.58
	Hypertension	Prinivil	20 mg per day				
	Diabetes	Glucophage	850 mg twice per day				
	Congestive Heart Failure	Lasix	40 mg per day				
Beneficiary #3							
National	Market Basket Total			\$319.20			
Boston, MA 02762-Bristol	Market Basket Total				\$264.90	-17.0%	\$54.30
Houston, TX 77204	Market Basket Total				\$265.08	-17.0%	\$54.12
	Hypertension/mild congestive heart failure	Lisinopril	20 mg per day				
	Coronary artery disease/congestive heart failure	Toprol XL	200 mg per day				
	Hypercholesterolemia	Lipitor	40 mg per day				
	Acid Reflux	Aciphex	20 mg per day				
Beneficiary #4							
National	Market Basket Total			\$481.50			
Boise, ID 83714	Market Basket Total				\$422.77	-12.2%	\$58.73
Greensboro, NC 27410	Market Basket Total				\$422.77	-12.2%	\$58.73
	Schizophrenia	Zyprexa	10 mg per day				
	Hypercholesterolemia	Lipitor	40 mg per day				
	Depression	Zoloft	50 mg per day				
Beneficiary #5							
National	Market Basket Total			\$188.40			
Greenville, MS 38731	Market Basket Total				\$164.94	-12.5%	\$23.46
Arlington, VA 22202	Market Basket Total				\$154.22	-18.1%	\$34.18
	Anticoagulant	Coumadin	2.5 mg per day				
	Osteoarthritis	Celebrex	200 mg per day				
	Osteoporosis	Fosamax	70 mg per week				
Beneficiary #6							
National	Market Basket Total			\$384.30			
Clearwater, FL 33767	Market Basket Total				\$321.67	-16.3%	\$62.63
Cleveland, OH 44106	Market Basket Total				\$321.67	-16.3%	\$62.63
	Diabetes	Glucophage	850 mg twice per day				
	Diabetes	Actos	30 mg per day				
	Hypercholesterolemia	Pravachol	40 mg per day				

(1) CMS computed a monthly 30 day supply based on dosing schedule using the FDA per day estimate based on analysis of IMS Health, National Prescription Audit PlusTM; 1st Quarter 2004; extracted April 2004. Prices are average retail prices (for generic drugs median average retail prices among generic manufacturers was used) in brick-and-mortar pharmacies (i.e. chain, independent and foodstore pharmacies, excluding internet, mail order and long-term care pharmacies) across all payer types (cash-only, Medicaid and other 3rd party payers) for the first quarter of 2004.

(2) Data Source: Medicare Price Compare 09/13/04

(3) Illustrative beneficiary drug basket #5 has been modified from previous analyses to remove the drug Vioxx, since Vioxx was removed from the market as of 09/30/04. The source for the replacement data including the drug Celebrex is Medicare Price Compare in the week of 09/27/04.

**TABLE 2a - Comparison of Mail Order Individual Drug Prices Under Medicare-Approved Discount Cards
vs. Internet Pharmacies ¹**

Mail Order Prices for Medicare- Approved Drug Discount Cards	Best Price (90 day)	Percent Savings vs. Drugstore.com	Percent Savings vs. Costco.com	Internet Pharmacy Prices ²	
				Drugstore.com (90 day)	Costco.com (90 day) ³
Aricept (10 mg, 90 tab)	\$347.36	-9%	-16%	\$379.97	\$415.34
Celebrex (200 mg, 90 cap)	\$209.35	-8%	-25%	\$227.97	\$280.27
Fosamax (70 mg, 4 tab--3 packages)	\$161.49	-14%	-16%	\$187.97	\$191.49
Lipitor (10 mg, 90 tab)	\$173.95	-5%	-13%	\$183.97	\$199.05
Nexium (40 mg, 90 cap)	\$271.65	-22%	-25%	\$346.97	\$361.05
Norvasc (5 mg, 90 tab)	\$111.20	-10%	-11%	\$123.97	\$124.80
Plavix (75 mg, 90 tab)	\$298.92	-9%	-11%	\$329.97	\$337.65
Prevacid (30 mg, 90 cap)	\$288.88	-16%	-20%	\$344.97	\$360.60
Protonix (40 mg, 90 tab)	\$221.70	-20%	-25%	\$276.97	\$294.90
Zocor (40 mg, 90 tab)	\$239.54	-33%	-34%	\$356.97	\$362.04
Range of Savings (%) from Medicare Discount Card vs Drugstore.com & Costco.com		-5% to -33%	-11% to - 34%		
<p>(1) Data obtained from www.Medicare.gov during the week of 09/13/04 using various zip codes (21045, 15122, 97202, and 38731). Data obtained from Drugstore.com and Costco.com on 09/17/04.</p> <p>(2) Price data reflect a 90 day supply; they do not include additional shipping, handling or membership fees.</p> <p>(3) The Costco.com cost is calculated by converting the Internet price for a 100 day supply to a per unit basis and then multiplying the per unit cost by a quantity of 90 (except for Fosamax for which an equivalent comparison was available).</p>					

TABLE 2b - Comparison of Retail Individual Drug Prices Under Medicare-Approved Discount Cards vs. Internet Pharmacies ¹

Retail Prices for Medicare- Approved Drug Discount Cards	Best Price (30 day)	Percent Savings vs Drugstore.com	Percent Savings vs Costco.com	Internet Pharmacy Prices ²	
				Drugstore.com (30 day)	Costco.com (30 day)
Aricept (10 mg, 30 tab)	\$126.42	-3%	-10%	\$129.99	\$140.69
Celebrex (200 mg, 30 cap)	\$77.30	-3%	-17%	\$79.99	\$93.42
Fosamax (70 mg, 4 tab)	\$63.00	-5%	-4%	\$65.99	\$65.89
Lipitor (10 mg, 30 tab)	\$64.56	2%	-5%	\$62.99	\$68.27
Nexium (40 mg, 30 cap)	\$104.60	-14%	-14%	\$120.99	\$122.07
Norvasc (5 mg, 30 tab)	\$41.42	-4%	-4%	\$42.99	\$43.27
Plavix (75 mg, 30 tab)	\$110.78	-4%	-3%	\$114.99	\$114.27
Prevacid (30 mg, 30 cap)	\$109.87	-9%	-10%	\$120.99	\$121.87
Protonix (40 mg, 30 tab)	\$86.38	-13%	-14%	\$98.99	\$100.27
Zocor (40 mg, 30 tab)	\$93.76	-24%	-25%	\$123.99	\$124.87
Range of Savings (%) from Medicare Discount Card vs Drugstore.com & Costco.com		+2% to -24%	-3% to -25%		
Notes: (1) Data obtained from www.Medicare.gov during the week of 9/13/04 using various zipcodes (21045, 15122, 97202 and 38731). Data obtained from Drugstore.com and Costco.com on 09/17/04. (2) Price data reflect a 30 day supply; they do not include additional shipping, handling or membership fees.					

TABLE 3a - Low-Income Medicare Beneficiaries' (<=135% FPL) Estimated 4 Month Savings in 2004 (Lowest Price Card)

Illustrative Medicare Beneficiary/Residence	Conditions	Drugs	Dosing	4 Month Estimated Average National Retail Cost ¹	4 Month Estimated Drug Discount Card Cost ²	4 Month \$ Savings From Discount Only	4 Month % Savings From Discount Only	4 Month Total Savings Including \$600	4 Month Total % Savings (Discount & \$600)
Beneficiary #1									
National	Market Basket Total			\$1,454.40					
Pittsburgh, PA 15122	Market Basket Total				\$1,145.20	\$309.20	-21.3%	\$909.20	-62.51%
Portland, OR 97202	Market Basket Total				\$1,139.08	\$315.32	-21.7%	\$915.32	-62.93%
	Osteoarthritis	Celebrex	200 mg per day						
	Hypercholesterolemia	Zocor	40 mg per day						
	Depression	Paxil	20 mg per day						
	Hypertension	Norvasc	5 mg per day						
Beneficiary #2									
National	Market Basket Total			\$522.00					
Louisville, KY 40205	Market Basket Total				\$459.68	\$62.32	-11.9%	\$476.03	-91.19%
Orange County, CA 90623	Market Basket Total				\$459.68	\$62.32	-11.9%	\$476.03	-91.19%
	Hypertension	Prinivil	20 mg per day						
	Diabetes	Glucophage	850 mg 2x per day						
	Congestive Heart Failure	Lasix	40 mg per day						
Beneficiary #3									
National	Market Basket Total			\$1,276.80					
Boston, MA 02762-Bristol	Market Basket Total				\$1,056.40	\$220.40	-17.3%	\$820.40	-64.25%
Houston, TX 77204	Market Basket Total				\$1,056.40	\$220.40	-17.3%	\$820.40	-64.25%
	Hypertension/mild congestive heart failure	Lisinopril	20 mg per day						
	Coronary artery disease/congestive heart failure	Toprol XL	200 mg per day						
	Hypercholesterolemia	Lipitor	40 mg per day						
	Acid Reflux	Aciphex	20 mg per day						
Beneficiary #4									
National	Market Basket Total			\$1,926.00					
Boise, ID 83714	Market Basket Total				\$1,682.76	\$243.24	-12.6%	\$843.24	-43.78%
Greensboro, NC 27410	Market Basket Total				\$1,682.76	\$243.24	-12.6%	\$843.24	-43.78%
	Schizophrenia	Zyprexa	10 mg per day						
	Hypercholesterolemia	Lipitor	40 mg per day						
	Depression	Zoloft	50 mg per day						
Beneficiary #5³									
National	Market Basket Total			\$750.90					
Greenville, MS 38731	Market Basket Total				\$659.76	\$91.14	-12.1%	\$684.80	-91.20%
Arlington, VA 22202 ³	Market Basket Total				\$616.88	\$134.02	-17.8%	\$688.00	-91.62%
	Anticoagulant	Coumadin	2.5 mg per day						
	Osteoarthritis	Celebrex	200 mg per day						
	Osteoporosis	Fosamax	70 mg per week						
Beneficiary #6									
National	Market Basket Total			\$1,537.20					
Clearwater, FL 33767	Market Basket Total				\$1,286.68	\$250.52	-16.3%	\$850.52	-55.33%
Cleveland, OH 44106	Market Basket Total				\$1,286.68	\$250.52	-16.3%	\$850.52	-55.33%
	Diabetes	Glucophage	850 mg 2x per day						
	Diabetes	Actos	30 mg per day						
	Hypercholesterolemia	Pravachol	40 mg per day						

(1) Note: CMS computed a monthly 30 day supply based on dosing schedule using the FDA per day estimate based on analysis of IMS Health, National Prescription Audit PlusTM; 1st Quarter 2004; extracted April 2004. Prices are average retail prices (for generic drugs median average retail prices among generic manufacturers was used) in brick-and-mortar pharmacies (i.e. chain, independent and foodstore pharmacies, excluding Internet, mail order and long-term care pharmacies) across all payer types (cash-only, Medicaid and other 3rd party payers) for the first quarter of 2004. This monthly supply estimate was then adjusted to reflect 4 month supply estimate.

(2) Data Source: Medicare Price Compare 9/6/04, 30 day supply adjusted to reflect 4 month supply.

(3) Note: Illustrative beneficiary drug basket #5 has been modified from previous analyses to remove the drug Vioxx, since Vioxx was removed from the market as of September 30, 2004. The source for the replacement data including the drug Celebrex is Medicare Price Compare in the week of 9/27/04.

TABLE 3b - Low-Income Medicare Beneficiaries' (<=135% FPL) Estimated 4 Month Savings in 2004 (5th Lowest Price Card)

Illustrative Medicare Beneficiary/Residence	Conditions	Drugs	Dosing	4 Month Estimated Average National Retail Cost ¹	4 Month Estimated Drug Discount Card Cost ²	4 Month \$ Savings From Discount Only	4 Month % Savings From Discount Only	4 Month Total Savings Including \$600
Beneficiary #1								
National	Market Basket Total			\$1,454.40				
Pittsburgh, PA 15122	Market Basket Total				\$1,172.24	\$282.16	-19.4%	\$882.16
Portland, OR 97202	Market Basket Total				\$1,172.24	\$282.16	-19.4%	\$882.16
	Osteoarthritis	Celebrex	200 mg per day					
	Hypercholesterolemia	Zocor	40 mg per day					
	Depression	Paxil	20 mg per day					
	Hypertension	Norvasc	5 mg per day					
Beneficiary #2								
National	Market Basket Total			\$522.00				
Louisville, KY 40205	Market Basket Total				\$480.28	\$41.72	-8.0%	\$473.97
Orange County, CA 90623	Market Basket Total				\$480.28	\$41.72	-8.0%	\$473.97
	Hypertension	Prinivil	20 mg per day					
	Diabetes	Glucophage	850 mg 2x per day					
	Congestive Heart Failure	Lasix	40 mg per day					
Beneficiary #3								
National	Market Basket Total			\$1,276.80				
Boston, MA 02762-Bristol	Market Basket Total				\$1,077.00	\$199.80	-15.6%	\$799.80
Houston, TX 77204	Market Basket Total				\$1,077.00	\$199.80	-15.6%	\$799.80
	Hypertension/mild congestive heart failure	Lisinopril	20 mg per day					
	Coronary artery disease / congestive heart failure	Toprol XL	200 mg per day					
	Hypercholesterolemia	Lipitor	40 mg per day					
	Acid Reflux	Aciphex	20 mg per day					
Beneficiary #4								
National	Market Basket Total			\$1,926.00				
Boise, ID 83714	Market Basket Total				\$1,707.80	\$218.20	-11.3%	\$818.20
Greensboro, NC 27410	Market Basket Total				\$1,707.80	\$218.20	-11.3%	\$818.20
	Schizophrenia	Zyprexa	10 mg per day					
	Hypercholesterolemia	Lipitor	40 mg per day					
	Depression	Zoloft	50 mg per day					
Beneficiary #5³								
National	Market Basket Total			\$750.90				
Greenville, MS 38731	Market Basket Total				\$667.12	\$83.78	-11.2%	\$683.93
Arlington, VA 22202	Market Basket Total				\$663.04	\$87.86	-11.7%	\$685.17
	Anticoagulant	Coumadin	2.5 mg per day					
	Osteoarthritis	Celebrex	200 mg per day					
	Osteoporosis	Fosamax	70 mg per week					
Beneficiary #6								
National	Market Basket Total			\$1,537.20				
Clearwater, FL 33767	Market Basket Total				\$1,351.00	\$186.20	-12.1%	\$786.20
Cleveland, OH 44106	Market Basket Total				\$1,330.84	\$206.36	-13.4%	\$806.36
	Diabetes	Glucophage	850 mg 2x per day					
	Diabetes	Actos	30 mg per day					
	Hypercholesterolemia	Pravachol	40 mg per day					

(1) Note: CMS computed a monthly 30 day supply based on dosing schedule using the FDA per day estimate based on analysis of IMS Health, National Prescription Audit Plus™; 1st Quarter 2004; extracted April 2004. Prices are average retail prices (for generic drugs median average retail prices among generic manufacturers was used) in brick-and-mortar pharmacies (i.e. chain, independent and foodstore pharmacies, excluding Internet, mail order and long-term care pharmacies) across all payer types (cash-only, Medicaid and other 3rd party payers) for the first quarter of 2004. This monthly supply estimate was then adjusted to reflect 4 month supply estimate.

(2) Data Source: Medicare Price Compare 09/6/04, 30 day supply adjusted to reflect 4 month supply.

(3) Note: Illustrative beneficiary drug basket #5 has been modified from previous analyses to remove the drug Vioxx, since Vioxx was removed from the market as of 09/30/04. The source for the replacement data including the drug Celebrex is Medicare Price Compare in the week of 09/27/04.

TABLE 4 - PRICE COMPARISON: RETAIL PHARMACY PRICE VERSUS MEDICARE-APPROVED DISCOUNT CARDS -- BEST CARD AND 5TH CARD ON LIST

Illustrative Medicare Beneficiary Condition / Residence	Drugs	Dosing	National Average Retail Monthly Price ¹	Range of Discounts for Top 5 Cards		\$ Savings from Discount		% Savings from Discount	
				5th Card Price	Best Price	5th Card Price	Best Price	5th Card Price	Best Price
Acid Reflux									
Boston, MA 02762-Bristol									
	Aciphex	20 mg per day	\$135.90	\$112.30	\$109.93	\$23.60	\$25.97	-17.4%	-19.1%
Congestive Heart Failure									
Louisville, KY 40205									
	Lasix	40 mg per day	\$11.40	\$9.58	\$7.44	\$1.82	\$3.96	-16.0%	-34.7%
	furosemide*	40 mg per day	\$6.00	\$3.87	\$2.76	\$2.13	\$3.24	-35.5%	-54.0%
	Toprol XL	200 mg per day	\$58.80	\$46.47	\$43.94	\$12.33	\$14.86	-21.0%	-25.3%
	metoprolol*	200 mg per day	\$24.60	\$7.48	\$6.41	\$17.12	\$18.19	-69.6%	-73.9%
Schizophrenia									
Boise, ID 83714									
	Zyprexa	10 mg per day	\$292.80	\$261.24	\$255.87	\$31.56	\$36.93	-10.8%	-12.6%
Diabetes									
Cleveland, OH 44106									
	Glucophage	850 mg twice per	\$84.30	\$77.57	\$76.20	\$6.73	\$8.10	-8.0%	-9.6%
	metformin*	850 mg twice per	\$38.70	\$19.62	\$16.90	\$19.08	\$21.80	-49.3%	-56.3%
	Actos	30 mg per day	\$163.50	\$138.12	\$133.58	\$25.38	\$29.92	-15.5%	-18.3%
Hypercholesterolemia									
Pittsburgh, PA 15122									
	Zocor	40 mg per day	\$136.20	\$93.76	\$93.76	\$42.44	\$42.44	-31.2%	-31.2%
	Lipitor	40 mg per day	\$106.50	\$96.41	\$92.36	\$10.09	\$14.14	-9.5%	-13.3%
	Pravachol	40 mg per day	\$136.50	\$113.98	\$111.89	\$22.52	\$24.61	-16.5%	-18.0%
Hypertension									
Portland, OR 97202 - Multnomah									
	lisinopril*	20 mg per day	\$18.00	\$12.20	\$9.86	\$5.80	\$8.14	-32.2%	-45.2%
	Zestril	20 mg per day	\$38.40	\$30.95	\$28.82	\$7.45	\$9.58	-19.4%	-24.9%
	Prinivil	20 mg per day	\$34.80	\$32.71	\$30.84	\$2.09	\$3.96	-6.0%	-11.4%
	Vasotec	20 mg per day	\$51.30	\$47.59	\$45.87	\$3.71	\$5.43	-7.2%	-10.6%
	enalapril*	20 mg per day	\$24.30	\$8.48	\$6.10	\$15.82	\$18.20	-65.1%	-74.9%
	Norvasc	5 mg per day	\$48.60	\$43.68	\$41.42	\$4.92	\$7.18	-10.1%	-14.8%
Osteoarthritis									
Greenville, MS 38731									
	Celebrex	200 mg per day	\$90.90	\$80.79	\$77.30	\$10.11	\$13.60	-11.1%	-15.0%
Osteoporosis									
Greenville, MS 38731									
	Fosamax	70 mg per week	\$71.40	\$63.71	\$63.00	\$7.69	\$8.40	-10.8%	-11.8%
Depression									
Greensboro, NC 27410									
	Zoloft	50 mg per day	\$82.20	\$74.35	\$67.59	\$7.85	\$14.61	-9.5%	-17.8%
	Paxil	20 mg per day	\$87.90	\$74.93	\$73.13	\$12.97	\$14.77	-14.8%	-16.8%

(1) Note: CMS computed a monthly 30 day supply based on dosing schedule using the FDA per day estimate based on analysis of IMS Health, National Prescription Audit PlusTM; 1st Quarter 2004; extracted April 2004. Prices are average retail prices (for generic drugs median average retail prices among generic manufacturers was used) in brick-and-mortar pharmacies (i.e. chain, independent and foodstore pharmacies, excluding internet, mail order and long-term care pharmacies) across all payer types (cash-only, Medicaid and other 3rd party payers) for the first quarter of 2004.

(2) Data Source: Medicare Price Compare, at www.medicare.gov, accessed 09/13/04. An asterisk (*) denotes a generic drug.

TABLE 5a - Savings By Switching to Generics ⁽¹⁾

Drug Name - Generic (Brand name) by Location	Dosing	Medicare Drug Discount Card Best Brand Price (30 Day Supply)	Medicare Drug Discount Card Best Generic Price (30 Day Supply)	Savings (\$) from Generic	% Savings from Generic
warfarin (Coumadin)	2.5 mg per day				
- Albuquerque, N.M. (87104)		\$19.76	\$11.20	\$8.56	-39.8%
- Little Rock, AR. (72211)		\$19.76	\$11.20	\$8.56	-39.8%
metformin (Glucophage)	850 mg twice per day				
- Albuquerque, N.M.		\$77.09	\$18.24	\$58.85	-76.3%
- Little Rock, AR.		\$76.20	\$18.24	\$57.96	-76.1%
furosemide (Lasix)	40 mg per day				
- Albuquerque, N.M.		\$7.44	\$3.84	\$3.14	-42.2%
- Little Rock, AR.		\$7.44	\$3.84	\$3.14	-42.2%
benazepril hcl (Lotensin)	10 mg per day				
- Albuquerque, N.M.		\$32.48	\$7.96	\$24.77	-75.7%
- Little Rock, AR.		\$30.13	\$7.96	\$22.17	-73.6%
glyburide (Micronase)	2.5 mg per day				
- Albuquerque, N.M.		\$18.97	\$5.63	\$11.98	-61.5%
- Little Rock, AR.		\$18.79	\$5.63	\$12.48	-64.1%
lisinopril (Prinivil)	5 mg per day				
- Albuquerque, N.M.		\$28.20	\$6.51	\$19.34	-68.6%
- Little Rock, AR.		\$27.88	\$6.51	\$19.52	-70.0%
fluoxetine hcl (Prozac)	20 mg per day				
- Albuquerque, N.M.		\$106.26	\$4.18	\$99.76	-93.9%
- Little Rock, AR.		\$106.26	\$4.18	\$99.76	-93.9%
enalapril (Vasotec)	20 mg per day				
- Albuquerque, N.M.		\$46.40	\$6.10	\$40.30	-86.9%
- Little Rock, AR.		\$45.87	\$6.10	\$39.77	-86.7%
verapamil hcl SR (Verelan SR)	240 mg per day				
- Albuquerque, N.M.		\$63.17	\$20.83	\$42.34	-67.0%
- Little Rock, AR.		\$62.36	\$20.83	\$41.53	-66.6%
lisinopril (Zestril)	20 mg per day				
- Albuquerque, N.M.		\$29.20	\$9.86	\$17.00	-58.2%
- Little Rock, AR.		\$28.82	\$9.86	\$16.62	-57.7%

(1) Data Source: Medicare Price Compare 09/27/04.

**TABLE 5b - Savings from Medicare Drug Discount Card's
Generic Prices vs National Average Retail**

Conditions	Generic Drug (Brand Name) by Location	Dosing	National Retail Average Monthly Price (Generic) ⁽¹⁾	Medicare Price Compare Best Generic Price ⁽²⁾	\$ Diff	% Diff
Anticoagulant	warfarin (Coumadin)	2.5 mg per day	\$17.40			
	- Albuquerque, N.M. (87104)			\$11.20	\$5.50	-31.6%
	- Little Rock, AR. (72211)			\$11.20	\$5.50	-31.6%
Diabetes	metformin (Glucophage)	850 mg twice per day	\$38.70			
	- Albuquerque, N.M.			\$18.24	\$20.46	-52.9%
	- Little Rock, AR.			\$18.24	\$20.46	-52.9%
Congestive Heart Failure	furosemide (Lasix)	40 mg per day	\$6.00			
	- Albuquerque, N.M.			\$3.84	\$1.70	-28.3%
	- Little Rock, AR.			\$3.84	\$1.70	-28.3%
Anti-hypertensive (blood pressure)	lisinopril (Zestril)	20 mg per day	\$18.00			
	- Albuquerque, N.M.			\$6.51	\$5.80	-32.2%
	- Little Rock, AR.			\$6.51	\$5.80	-32.2%
	enalapril (Vasotec)	20 mg per day	\$24.30			
	- Albuquerque, N.M.			\$6.10	\$18.20	-74.9%
	- Little Rock, AR.			\$6.10	\$18.20	-74.9%

(1) Note: CMS computed a monthly 30 day supply based on dosing schedule using the FDA per day estimate based on analysis of IMS Health, National Prescription Audit Plus™; 1st Quarter 2004; extracted April 2004. Prices are average retail prices (for generic drugs median average retail prices among generic manufacturers was used) in brick-and-mortar pharmacies (i.e. chain, independent and foodstore pharmacies, excluding internet, mail order and long-term care pharmacies) across all payer types (cash-only, Medicaid and other 3rd party payers) for the first quarter of 2004.

(2) Data Source: Medicare Price Compare 09/27/04.